U.S. - Ukraine Agenda for Freedom

Principles for Rada-Congress Cooperation

by U.S. Congressman Bob Schaffer



Agenda for Freedom

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"Then shall our day of hope arrive, Ukrainian glory shall revive"

- Taras Shevchenko

he United States Congress and the Ukrainian Verkhovna Rada formalized a cooperative interparliamentary exchange on November 18, 1999. The Exchange has become the basis for dialogue and planning between the two legislative bodies. As author of the bilateral charter, my commitment to a productive exchange extends beyond my six years of service in the U.S. Congress.

My enthusiasm for Ukraine stems from the country's people and their initial leadership in declaring independence from the Soviet Union in 1991, a departure that hastened the fall of communism and an end to the Cold War. Ukraine is an emerging democracy with a history involving hundreds of years of struggle and oppression. Its triumph over Soviet subjugation and foreign dictatorship is to be applauded. However, much work remains as it develops into a mature democracy.

Since independence, Ukraine has endured deep social and economic challenge. Cooperation between the United States and Ukraine is deemed to be an important factor ensuring Ukraine's independence and contributing to its economic growth. I'm optimistic about Ukraine's ability to become a force for stability and security in the European region. Clearly, it is in the best interests of the U.S. Congress and the Ukrainian Verkhovna Rada to work hand-in-hand throughout this building process.

This document is my proposal for further expansion of U.S.-Ukraine parliamentary cooperation. It is the product of my many years of involvement in U.S.-Ukraine issues. In reaching out to several leading experts on Ukraine, I hope to emphasize ways to improve the quality of life for the Ukrainian people. Some of the initiatives suggested herein are new, some are already under way, and others need additional support for greater results.

After several visits to Ukraine and after working extensively on issues surrounding the country, I have found Ukrainians to be wonderful, resilient people with boundless hope for a greater future. As I look back, it is truly amazing how far they have come. In compiling this document, I have become even more inspired by so many who envision Ukraine's future in its desired state of total freedom and complete independence.

President Thomas Jefferson observed, "The freedom and happiness of man are the sole objects of all legitimate government." May God bless the people of Ukraine and the United States, and may He cause their leaders to preserve them through legitimate government.

Bob Schaffer Member of Congress from Colorado 1997-2003





United States Congress

Ukrainian Verkhovna Rada

U.S. Congress-Rada Parliamentary Exchange

We, the undersigned members of the United States House of Representatives and members of the Parliament of Ukraine, do hereby establish the U.S. Congress-Rada Parliamentary Exchange (further referred to as CRPE), for the purpose of facilitating expanded strategic relations between the United States and Ukraine.

The purpose of CRPE is to foster closer relations between our two legislatures to address key bilateral issues. It is the goal of the CRPE Parliament to examine issues of mutual understanding and continue a constructive dialogue toward permanent peace and prosperity.

Having reviewed the work of the initial congressional delegation to Ukraine in November 1999, which participated in discussions of mutual interest in trade, economic well-being, energy reformation, agriculture, and military relations, CRPE will promote closer relationships between the lawmakers of both countries.

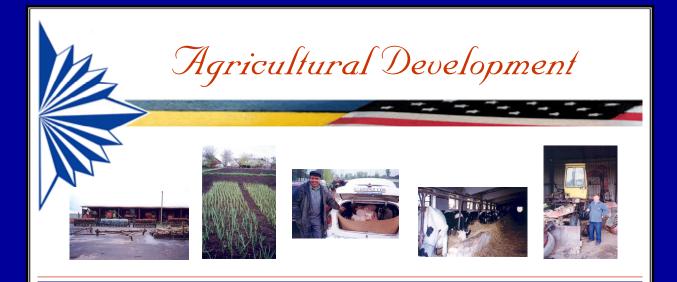
Building upon the strategic partnership between the United States and Ukraine first established in 1996, the CRPE shall serve as a conduit in further developing and continuing economic and political cooperation between the two countries.

Now, be it resolved by affirmation of the undersigned Members of the House of Representatives, with the support of the Congressional Ukrainian Caucus, and the Parliamentarians of the Ukrainian Verkhovna Rada there is hereby established, the U.S. Congress-Rada Parliamentary Exchange. Be it further resolved, the Exchange shall:

- 1) Constitute a working group to help resolve any issues hampering an expansion of economic and political cooperation between the Unites States and Ukraine; and,
- 2) Establish items of discussion by the CRPE which encompass economic relations, trade, space exploration, health-care, the environment, agriculture, natural resources, and any other matter important to the promotion of close ties between the United States and Ukraine; and,
- 3) Convene bi-annually in the United States and Ukraine to formally exchange viewpoints brought about by current events. The CRPE will from time to time issue recommendations to be pursued in each legislature.

The founders of the CRPE hereby acknowledge the leaders of the Congress of the United States, in coordination with the Congressional Ukrainian Caucus, and the Parliament of Ukraine, for their dedication to establishing the Exchange.

Signed at Washington, Q.C. November / 1999 by: Hon. Dennis Hasteri Speaker of the U.S. House of Representatives Signed at Kyiv, on November 30, 1999 by: Hon. Oleksander Tkachenko Speaker of the Ukrainian Parliament Gubbk Sandy Levin Makeenko Curt Weldon Shufrich Louise Slaughter Steve Horn Co-Chairs, Congressional Ukrainian Caucus attan Nathan Dea **Bud Cramer** Eliot Engel Congressional Delegation November 18 - November 24, 1999



Agriculture is Ukraine's greatest economic resource. Ukraine's fertile soil covers over 55 percent of the country and once supplied nearly one quarter of the food demand of the Soviet Union. Agriculture reform legislation passed in 1999 has resulted in impressive growth in Ukraine's agriculture output. Ukrainian farmers are coming closer to producing 100 percent of the minimum amount of products needed for each Ukrainian family.

Since declaring independence in 1991, Ukraine is still short of achieving its enormous agricultural production potential and unable to develop a modern agricultural infrastructure. Productive development has been hindered by prohibitive costs and shortages of inputs such as fertilizer, diesel fuel, seed stock, herbicides and pesticides, and harvest equipment. Ukraine's livestock herds, decimated by forced sales at low prices immediately after independence, have not recovered either.

Another factor preventing development is Ukraine's lethargic implementation of land privatization and infrastructure to support it. Many private farms and landowners have reverted to familiar collective systems from which they were separated. The scarcity of capital, other financial resources and a viable marketing system impairs progress toward independent production.

American resources currently directed to Ukraine are intended to assist in maximizing agricultural output, efficient land usage, and privatization. The United States Department of Agriculture and United States Agency for International Development are examples of U.S. agencies with programs in Ukraine. Although these programs have enjoyed some success, most agree greater efforts are needed in order to effectively orchestrate long-range sustainability of Ukraine's agriculture.

Recommendations:

• Rescue Ukraine's agriculture.

Building Ukraine's agriculture industry entails comprehensive planning to establish an agriculture marketplace. Individual programs to assist farmers will only achieve long-term results if considered within a broader context of an agricultural economy and its preeminence in the national economy.

All programs designed to improve farm productivity should coincide with improvements in food processing, distribution, retailing and food service. Finally, Ukrainians must be permitted to become skilled consumers in order to drive quality, efficiency and fair-market pricing.

• Facilitate agricultural privatization.

Enable citizens and foreign investors to safely invest in land, equipment and processing. Regulations and rules should cover all specific elements of a free-market agriculture system including land trade, registration, titling, financing, intellectual property rights, and foreign investment. The Farmer's Project sponsored by the United Ukrainian American Relief Committee and the U.S. Department of Agriculture's Corchran Fellowship Program and Faculty Exchange Program are examples of existing initiatives helping small farmers in Ukraine. However, for these programs to become truly effective, there must be a broader treatment of the entire national food chain.

• Convert land to capital.

Private land ownership, clear titles, and reliable registration are crucial to developing an essential mortgage system upon which to base farm loans and attract foreign financial investment. Mortgage legislation is needed to promote land as collateral to secure long-term, low-interest loans. Completing this reform will do more to convert Ukraine's substantial extralegal economy (black market) to a fully legal economy than anything else.

• Orient Ukraine's infrastructure for agriculture.

An efficient farmer-to-table marketplace requires a modern infrastructure of national highways, trucking companies, food processors, distributors, grocery stores, and a vibrant food-service industry. Storage facilities such as grain elevators and partially cooled storage facilities for fruits and vegetables at the site of harvest must be constructed. Planning and development of these functions will convert Ukraine's subsistent farmers to efficient producers who contribute to the country's gross domestic product. U.S. assistance should contemplate this larger perspective.

• Further develop education and training programs.

Teaching citizens the fundamentals of a successful free-market agriculture industry is crucial. These programs should leverage and utilize existing programs currently being provided by the U.S. and other voluntary and non-governmental organizations. The Faculty Exchange Program of the U.S. Department of Agriculture has been providing six-month training to Ukrainian educators from agricultural institutions. ACDI/VOCA began a new program called Alliance in 1996, along with the International Executive Service Corps, Citizens' Democracy Corps and MBA Enterprise Corps to assist small and medium size Ukrainian enterprises. ACDI/VOCA handles the agricultural aspect of the partnership, focusing on assistance to private food processing operations. The Special American Business Internship Training Program is another example of the programs currently operating. Both programs address a broad range of disciplines.

The Farmer-to-Farmer Program helped establish a national dairy union and various farmers' associations to advance the productive and marketing potential of Ukraine's farms.

• Favor producer-driven marketing strategies.

Local farmers should be encouraged to create co-ops, credit unions, marketing groups, and trade organizations.

• Establish regional research extension offices.

Establishment of regional offices to disseminate agriculture research and technical support will further assist local producers and focus on region-specific concerns and technology transfer.

Farmers should receive information on new types of seeds, fertilizers and herbicides regularly. Information on cultivation research, range management, irrigation, and other components of modern farming will improve investor confidence and profitability of Ukraine's emerging agriculture marketplace.

• Send Ukrainian farmers to America.

Farmer exchange programs are always helpful. The best exchange of information occurs when Ukrainian farmers visit U.S. farmers. Most Ukrainian farmers cannot comprehend the scale and efficiency of American agriculture operators - - until they see it. Young Ukrainian farmers should be permitted to actually work on American farms in order to gain useful experience and become leaders in Ukraine.

• Acquaint Ukrainian farmers with U.S. entrepreneurs.

Organizations such as the International Foodservice Manufacturers Association of Chicago, the American Bakers Association, the American Frozen Food Institute, the National Food Processors Association and the Grocery Manufacturers Association should be recruited to provide expertise in building Ukraine's agricultural infrastructure.

• Promote a U.S.-Ukraine farm show.

With the help of various in-country U.S. agencies, U.S. businesses in Ukraine should initiate a U.S.-Ukraine farm expo similar to an American-style state fair. Such an event would give U.S. companies market exposure, provide Ukraine's agriculture producers an opportunity to receive and exchange information, and stimulate healthy competition among producers.

• Develop a financial support structure.

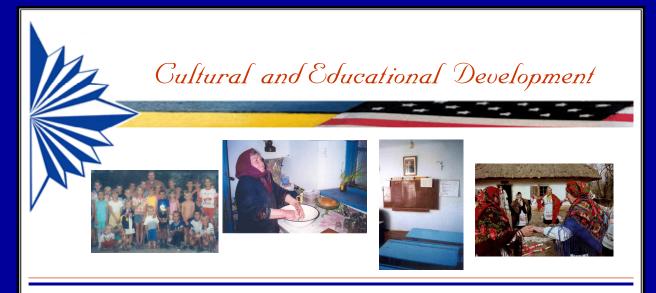
Until banks are willing to provide long-term loans at affordable interest rates, growth in agricultural receipts will remain anemic. Ukraine's current banking system is probably capable of supporting the needs of Ukraine's farmers. It should be encouraged to provide Western-style loans.

• Give farmers business skills.

Ukrainian farmers can expedite markets by learning to prepare business and marketing plans. This will allow financial institutions to realize investment and profit potential.

• Eliminate pirated agro-inputs.

Ukraine must crack down on the increased entry of pirated agro-inputs from unlicensed producers of fertilizer, pesticide and seed.



Ukrainian culture is built upon centuries of history and heritage. In establishing an independent and democratic nation, Ukraine made it a paramount objective to institute elements of a civil society -- one accepting people as citizens, based on territory, regardless of ethnicity, race, language, or religion. Ukraine should foster its national culture while allowing all others equal access to public and private initiatives to preserve their heritage.

Ukraine has some of the most liberal laws in this respect and should be commended for them. In addition, with a 99 percent literacy rate, and blossoming artistic expression since independence, education is a high priority for Ukrainians.

Soviet occupation in Ukraine engendered a sense of distrust between the citizens and government. Lingering resentment and skepticism of a central authority has slowed Ukraine's transition to a civil society. Ukraine's existing education system is burdened by Soviet-era bureaucracy, archaic curricula, underpaid educators, and centralized institutions. Many talented college-level educators are leaving for financial reasons.

Cultural and educational cooperation between the United States and Ukraine can provide a foundation that will be mutually beneficial and successful. Thus there must be intense efforts to share knowledge, culture, and skills for broadening horizons, understanding and cooperation. Promoting friendship through cultural exchanges is an investment toward a more peaceful and stable world.

Recommendations:

• Reform the education system.

Management and decision-making should be placed in the hands of local entities while maintaining a scaled-down central administration to insure cohesiveness throughout the country.

• Accredit qualified universities.

Diplomas from private universities and seminaries should be fully recognized. Theology should be recognized as an official discipline of study.

• Improve teacher pay.

Ukraine's teachers are uniformly and considerably underpaid. They should receive suitable compensation on a professional basis.

• Promote private and religious schools.

Qualified private and religious organizations should receive state funds, property and approval to deliver education services throughout Ukraine. A competitive education marketplace will serve Ukrainian children better than a government-owned monopoly.

• Promote the Ukrainian language.

Ukrainians can be proud of their heritage. They should celebrate it. The Ukrainian government should develop a budgetary mechanism to establish libraries with Internet access in smaller towns and rural areas to ensure the dissemination of knowledge and political information. The Department of State's Internet Access and Training Program is one such example of a Western initiative. The Ukrainian language should be promoted on a national and international level by developing university study programs in Ukraine and abroad.

• Reduce book taxes.

Reducing or eliminating taxes on books will allow higher production and sales of Ukrainian-language materials and promote a vibrant Ukrainian publishing industry.

• Expand cultural, artistic and educational exchanges.

Exchanges should involve ways for modernizing Ukraine's education system and cooperating in international research. The Peace Corps' Teaching English as a Foreign Language Project and the U.S. Department of State's University Partnerships are examples of such programs. These programs should be used for guidance in further development of new exchanges that should focus on the next generation. The U.S. Government's "Next Generation Ukraine Initiative" will redirect a portion of USAID's funding to Ukraine toward increasing support for the next generation of Ukrainian leaders. This approach promotes market-oriented democracy.

Public diplomacy exchanges, throughout academic and professional disciplines, have been successful. These exchange programs are administered by the U.S. Embassy's Public Affairs Section in collaboration with the Bureau of Educational and Cultural Affairs, and implemented in Ukraine by several U.S. partner organizations, including the American Councils for International Education, the International Research and Exchanges Board, and Project Harmony. The Department of State's Freedom Support Act Contemporary Issues Fellowship Program provides fellowships to public, private, and third sector professionals for independent research at U.S. institutions.

Cultural and Educational Development

The International Visitor Program sent over 100 Ukrainians to the United States on programs in the fields of media, local governance, intellectual property rights, information science, trade, education, adoption and anti-corruption. This includes deputies and staff of the Verkhovna Rada.

• Invent a "Domestic Peace Corps" for Ukraine.

The Congress should consider creating, on a pilot-project basis, a program of Ukrainian Peace Corps volunteers. For \$2,000 per year per volunteer, selected Ukrainians could be trained to provide technical assistance, develop non-governmental organizations (NGOs), promote self-confidence, and provide domestic leadership.

• Complete restitution of communal property.

Ukraine has made good-faith efforts to return religious and culturally significant properties back to original communities. Properties stolen during Soviet occupation from churches and synagogues, including cemeteries and shrines, have been returned. Aggressive efforts should be made to further identify remaining properties before further evidence disappears and while witnesses are still alive. In cases where it is impractical to return specific properties, suitable replacement properties should be offered.

Preserve historical and sacred sites.

Massacre sites, battlefields and other sites hallowed by the blood of Ukrainian victims should be preserved and memorialized.

• Document the history of Soviet occupation.

Ukrainians are perhaps the best witnesses to the terrors, hardships and failures of communist dictatorship. Comprehensive efforts should be made to document and analyze the record of totalitarian rule. Protocols should be established to delicately interview former Soviet officials, without judgment, in order to establish an authentic historical record. Victims and survivors should be given every opportunity to bear witness for posterity. The world's democracies, their universities and the Ukrainian diaspora should assist Ukraine in this unique opportunity to elevate the cause of liberty and human dignity by shedding light on the ghastly historical truths of communist tyranny.

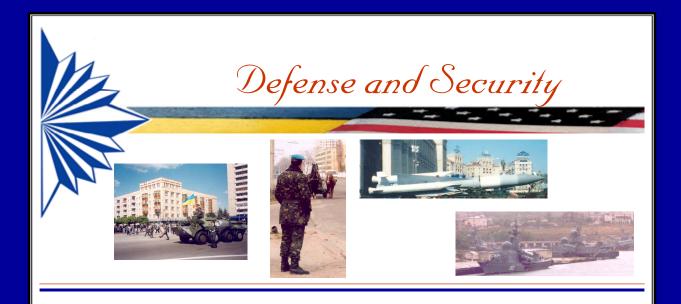
• Promote awareness of Ukraine's Great Famine.

Joseph Stalin's deliberate efforts to starve the Ukrainian people must never be forgotten. The Ukraine Famine of 1932-1933 is among the most tragic events in all of history. More than any other single episode, the Ukrainian famine has affected Ukraine's national character. Millions were killed and survivors were driven from their homeland and dispersed throughout the world.

Urgent efforts should be made to fully document the horrors of the Ukrainian famine while survivors and witnesses still live. All Ukrainians should be made to appreciate the dramatic scale and impact of this part of history. The world must never be allowed to forget.

• Enhance tourism in Ukraine.

A marketing program designed to promote a sense of pride among citizens and interest among tourists should be developed. Make travel to Ukraine easier by moderating the visa regime. Allow tourist to receive a 30 day multi-entry visa at any international airport in Ukraine for a minimal processing fee. Reduce hotel taxes from 20 percent to 5 percent (currently hotel tax plus VAT add over 40 percent to the cost of a hotel room).



Prior to independence, Ukraine was a major center of the Soviet military-industrial complex. Ukraine willingly eliminated its nuclear arsenal by mid-1996. Establishing itself as a non-nuclear state, Ukraine set the stage to build strong international and commercial relations.

Although initially promising, Ukraine's course toward Western integration has stalled amid internal turmoil, corruption, misunderstanding and inconsistent approaches from Euro-Atlantic countries.

Having relinquished its nuclear arsenal, Ukraine began building its conventional defense infrastructure, the result of which became a top-heavy military.

It is imperative the U.S. and other Western world leaders extend assistance and encouragement for Ukraine to become a stable and strategic ally for peace.

<u>Recommendations:</u>

• Support Ukraine's eventual admission to NATO.

The U.S. must help Ukrainian leaders deliver the domestic reforms necessary for bringing Ukraine's military systems closer to NATO standards. This progress should only be supported in the context of military reform based on the Partnership for Peace Initiative toward accelerated democratic principals.

• Implement a NATO-Ukraine work plan.

Ukraine's participation in NATO's Partnership for Peace should be the basis for completing a special NATO-Ukraine work plan centered on advancing defense reform and building interoperability using numerous NATO programs and activities.

• Mobilize public support for NATO membership.

The goal of NATO membership must become more than a presidential decree. Ukraine's return to Europe calls for a consolidated position on NATO among Ukrainian leadership. Until membership is clearly desired by the Ukrainian people, Ukraine's membership remains a long-term prospect.

• Refine a comprehensive anti-terrorism and non-proliferation agenda.

Reevaluate the Cooperative Threat Reduction (CTR) Initiative's progress since the Nunn-Lugar Act of 1991 and the Freedom Support Act of 1992 to determine if objectives and schedules should be adjusted. Cooperate with Rada Members to remove legislative barriers that may hinder completion of the CTR agenda. Address concerns regarding Ukrainian arms sales and proliferation despite U.S. and NATO guidance.

Prevent proliferation of weapons of mass destruction by reducing the exodus of scientists and technical experts. Direct the United States departments of Defense, Energy and Commerce to evaluate the potential for further technical cooperation and commercial engagement in order to utilize Ukraine's idle and under-employed scientists.

• Modernize Ukraine's military.

Civilian control of the military is essential for modernization and conversion to a rapid-reaction force. Adequate funding for the military is necessary to ensure quality training, adequate storage and maintenance of military equipment. English language training is crucial as is educating Ukrainian officers in U.S. and Western military academies.

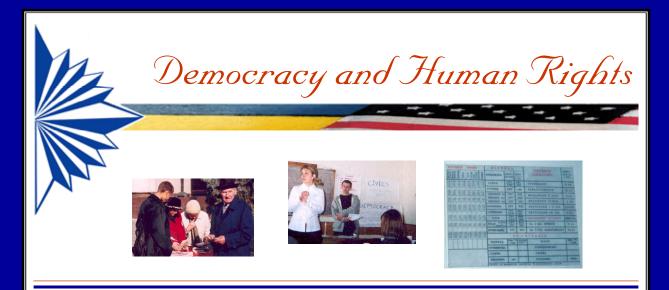
• Refine and focus military contact efforts.

Continue to base U.S.-Ukrainian military contacts and security cooperation activities on the Joint Working Document (a bilateral interagency product that details mutual focal points, goals and objectives for Ukraine). U.S. expertise should be utilized in assessing and analyzing reforms of selected ground, air and naval units from Ukraine's Rapid Reaction Forces, defense, and general staff structures.

• Improve border control.

Ukraine's loose borders with Russia, Moldova and its Black Sea ports should be strengthened. Ukrainian information systems should be updated for quick exchange of data.

The current visa regime should be abolished in order to promote tourism and commercial development. Increased border control would lessen illegal migration into Europe, trafficking of weapons and women.



Human rights and democracy are essential to successful Western integration and diplomatic leadership. The creation and implementation of a democratic system and constitutional reform is needed to prevent abrupt shifts in power.

Ukraine's progress toward fair elections has been slow and sporadic. Irregularities and tampering were reported in the presidential elections of 1999 and the national and local elections of 2002.

Ukraine has been criticized by a number of international organizations for human rights violations, including persistent allegations of torture, ill treatment of detainees and prisoners by law enforcement and corrections officers, and restrictions on freedom of the press. These allegations have not only marred Ukraine's image but raise doubts about its commitment to human rights and the rule of law.

Additionally, Ukraine has been criticized for violence against women. A gradual transition to a market economy has resulted in economic, political and social pressures that place disproportionate burdens on women. Women are victims of negative gender stereotypes often justified in the name of tradition. Women are also subject to an environment that tacitly condones violence, including domestic violence and trafficking. This problem is growing while effective legislation to curb abuse is developing rather slowly.

It should be noted that the government of Ukraine is beginning to address the concerns involving human rights and democracy. There is clearly an urgent need for international cooperation.

Recommendations:

• Decentralize government.

Dispersing political authority is critical to developing a civil society. Delegating authority to local government will ensure the rights of individual citizens. Increasing the sovereignty of Ukrainian NGOs will speed democratic development. Also, efforts must be made to eliminate unnecessary bureaucratic requirements, unscheduled inspections and other harassment of all NGOs, foreign and domestic.

• Reduce corruption.

Improve Ukraine's Corruptions Perceptions Index rating published by Transparency International. In 2002, Ukraine ranked 85 out of 102. Conduct an audit of the civil service to eliminate the extensive number of situations which allow bureaucrats to extract bribes. Eliminate the possibility of cash payments for licenses and fines.

• Educate Ukrainian citizens about democracy and rule of law.

Programs explaining the legal rights and responsibilities of Ukrainian citizens in a democratic state should be promoted, especially in schools.

• Strengthen the role of political parties.

Election laws should be reformed to clarify the role of the Central Election Commission, especially in terms of judging the validity of candidates and election results. Legislation should expand to protect the rights of political parties.

• Allow more foreign election observers.

Foreign election observers should be encouraged, recruited, and welcomed. Ukrainian election officials and Rada deputies should review reports and consider findings of guest observers.

• Modernize voting technology.

Ukraine's voting and balloting systems should utilize technology to reduce human contact with ballots, human judgment, and interpretation. Rosters of eligible voters should be purged of deceased and relocated voters. Ballots should be simplified.

• Monitor U.S. elections.

Ukrainian election officials should visit and observe U.S. counterparts. The U.S. Department of State's International Visitor Public Diplomacy Exchange can be used as a vehicle to facilitate observations and exchanges with American county clerks, election supervisors, and secretaries of states.

• Clarify the law regarding voting abroad.

Under the Electoral Act of Ukraine, Ukraine's estimated 2 million citizens living abroad retain the right to vote in the election of national deputies. Differing interpretations of the law, by multiple Ukrainian agencies, have resulted in Ukrainian citizens being denied the right to vote. Interpretation of Ukraine's Constitution on this matter should be clearly resolved, effectively communicated and consistently observed.

• Guarantee freedom of speech.

Consolidate available data on freedom of speech violations by coordinating with organizations. The Committee to Protect Journalists, Journalists Without Borders, Article 19, International Research and Exchange Board and others currently collect such data and report abuses, but have limited means of influencing the behavior of offending officials.

Peaceful demonstrators should be protected and not molested or arrested for exercising their rights of assembly. Police should respect the Principle of Proportionality of force (requirement should achieve its intended objective, but not go beyond what is necessary) in responding to public demonstrations.

The International Research and Exchange Board's ProMedia Program has been implemented to support the Media Legal Defense and Education Program, which provides training for journalists, lawyers and judges in Ukrainian and European laws that affect the media. Legal advice to journalists and media outlets is available. Some funding exists to cover legal costs for a journalist or media outlet facing legal harassment. IREX also facilitated the creation of the Ukrainian Association of Newspaper Publishers, which unites nearly 50 newspapers throughout Ukraine and advocates changing the newspaper distribution monopoly of Ukraine's state postal distribution system.

Currently, this network of journalistic associations is vigilant and reports incidents of censorship and restricted speech, but without a legislatively based enforcement mechanism, suppression of civil liberties will continue.

Ukrainian government officials should work with the U.S. Embassy's Media Development Fund and USAID's Pro-Media Program for a free and independent media in Ukraine. Telekrytika, a website providing independent public, legal, and legislative information and analysis, is a good example of a system working toward a completely free and independent media.

• Develop Ukraine's human rights leadership.

Ukraine's multiple human rights groups are typically focused on single issues such as elections, prisons, soldiers' welfare, abortion, or gender rather than on all human rights. Independence facilitates obtaining Western funding. An all-Ukrainian human rights movement, however, would create trust across regions and hasten a pan-Ukrainian civil society.

• Support an independent media.

Media, free of intimidation and censorship, requires independent financing. The U.S. should encourage and support financial sources to stimulate an independent, credible press.

Eliminate state-run media.

Ukraine's central television channels routinely violate common standards of the Ethics Code of Ukrainian Journalists, specifically those identified by Ukraine's Journalism Ethics Committee. They should be replaced by an independent professional media.

• Punish censorship.

Attempts to censor or intimidate journalists, editors, or producers should be punishable by law and strictly enforced.

• Develop a human rights agenda.

Establish and enforce internationally acceptable standards to guarantee fundamental human freedoms. Ukraine is a member state of the Organization for Security and Cooperation in Europe, which asserts the following fundamental human rights:

The right to life.

The right to liberty.

The right to security of person.

The right to own property.

The right to freedom of expression.

The right to education.

The right to freedom of thought, conscience and religion.

The right to freedom from torture and degrading treatment.

These rights are a basic consideration throughout this document, and establishing respect of these rights in Ukraine is a necessary factor for Ukraine's success.

• Eliminate human trafficking.

Establish a nationwide network of trafficking prevention centers. Currently there are seven centers, located in Lviv, Dnipropetrovsk, Donetsk, Kherson, Rivne, Chernivtsy and Zhytomyr, but many more are needed, especially in key cities, to ensure national coverage. These centers can also coordinate with USAID's Women's Economic Empowerment Program to address other social issues, including spousal abuse, and HIV and TB epidemics.

• Develop and share information database of trafficking and traffickers.

Enact harsher penalties for traffickers. Develop border enforcement to prevent exportation of human cargo. Cooperate with international organizations to prosecute traffickers.

• Prevent domestic violence.

Women's shelters and telephone hotlines for victims of domestic violence should be established throughout Ukraine. A nationwide campaign should be undertaken to curb domestic violence. Ukrainian society cannot tolerate such high levels of violence against women. These cowardly acts must be regarded as a public concern, not a private matter. Ukraine should enact and enforce anti-domestic violence laws

• Prevent acts of torture and intimidation.

Effective measures should be taken to improve conditions in prisons. Additionally, all detainees should enjoy due process, legal representation and access to their families. Steps should be taken to strengthen the recourse for victims of police abuse and detained persons.

• Guarantee human rights for members of Ukraine's military.

International human rights standards for military personnel, put forth by Amnesty International and the European Committee for Preventing Torture and Cruel Treatment, should be enforced at all levels. Violent hazing ("dedovshchina") should be eliminated, and soldiers should be guaranteed humane treatment and proper nutrition. Conscription of soldiers should be phased out in favor of a voluntary military membership. Further, veteran services, including retirement pay and health benefits, should be provided through extension of the current draft law.

• Prevent racially motivated violence.

Political leaders at all levels of society must highlight the importance and benefits of cultural pluralism, and speak out forcefully against racially motivated crimes or inflammatory statements. Educational campaigns in schools and among the public at large must help all citizens, from an early age, to fully understand racial and ethnic issues, including tolerance, Ukrainian history, and Ukraine's historic role as a regional crossroads. The judiciary should be informed on processes and procedures for dealing with racially motivated crimes. Police should take measures to prevent incidents of police brutality and racially motivated ill-treatment against minority groups such as Crimean Tartars, Roma, and Africans. Recommendations for Ukraine by the United Nations Committee for the Elimination of Racial Discrimination should be implemented. Expanding exchange opportunities with American counterparts and experts will also maximize the abilities of Ukrainian officials to prevent and deter such violence.

• Create new sources for grants to non-profits.

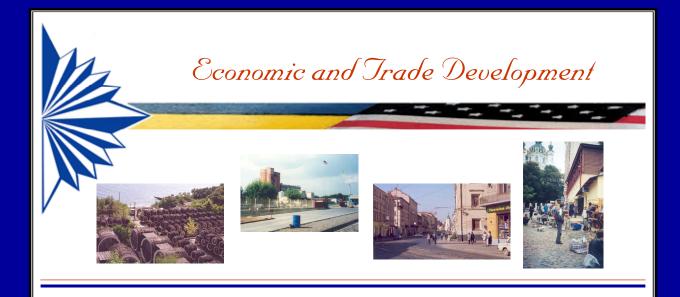
Grants are currently available through foreign assistance from the United States. Increased funding from the Ukrainian government could prove beneficial in fostering community-based leadership. Nongovernmental funding should be encouraged by both the United States and Ukraine.

• Expedite humanitarian aid.

Humanitarian aid to Ukraine is often delayed, blocked or stolen by Ukrainian customs agents. Food, clothing, medicine, and toys sent into Ukraine by charitable organizations are frequently impounded, delayed, or confiscated. Streamlining the customs process, expediting shipments and protecting humanitarian goods from theft will extend crucial resources further to Ukraine's neediest.

• Recognize the rights of unborn children.

Ukraine's abortion rate is extremely high. Denying the unborn the unalienable right to life undermines the dignity of all Ukrainians, especially women and older children. Ukraine's glorious heritage as a Christian culture and its distinct Jewish traditions provide a basis upon which to honor the sanctity of human life as a matter of national respect and public policy.



Ukraine's economy has achieved remarkable growth and stability since 1999. Ukraine provides a basis for entrepreneurial and investment activity. The country's tremendous opportunities have attracted U.S. business interests encouraged by the U.S. government.

Although impressive economic growth has occurred, further reforms are needed in Ukraine. Laws must be improved to liberalize markets and achieve tax fairness, privatization and structural reform. There are a number of areas that remain underdeveloped and constrain further growth of Ukrainian companies and investment into the country. These include the absence of an independent, stable and transparent judiciary, insufficient contract law, inadequate transparency in the energy sector and inefficient use of agricultural resources. If reforms addressing these issues are implemented, Ukraine will capitalize on the great potential that exists in the country.

Recommendations:

• Develop a free-market economy.

Deregulating and liberalizing business activities, corporate governance, and developing the stock market are essential. The economy, strengthened by the expansion of major industries, grew by nine percent in 2001. The government has enacted an economic reform and poverty reduction program. Ukraine must reduce inflation quickly, improve export performance, and establish overall economic growth.

• Grow a middle class.

Encourage small and medium enterprises by providing lower taxes and other incentives. A middle class will drive positive change in Ukraine.

Employers should provide cash and opportunity incentives to stimulate and motivate employees at all levels so progress, efficiency and leadership is rewarded and individuals see direct results for their actions. These types of incentives were absent under Communist rule, but are crucial for inspiring the working class and driving free enterprise.

• Deregulate and liberalize business activities.

Create an effective and competitive business environment. Reforms should include simplifying business regulation and eliminating government incentives for interfering with and harassing businesses.

• Create a fair and consistent business environment.

Businesses and foreign investors must be able to count on uniform application of the law and enforcement of rights and contracts. Otherwise, risks far outweigh benefits, and discourage investment and capital innovation.

Action Items:

- 1. Amend Ukraine's civil and procedural codes to provide the legal basis for a transparent corporate governance system.
- 2. Enact corporate governance laws and principles including a joint stock company law and the labor code.
- 3. Assure protection of minority shareholders.
- 4. Ensure and enforce international accounting standards, and laws regarding corporate accountability.

The Western Newly Independent States Enterprise Fund has provided its portfolio companies with capital and the necessary management expertise to develop into professionally managed companies. These investments include a broad range of fields such as food processing, agriculture, construction materials, packaging, distribution, light manufacturing, services, Internet and technology, and various financial institutions. Aggressive business reform will increase these kinds of investments.

• Ensure judicial and tax systems are reliable.

To boost investor confidence, tax laws must be applied on a uniform basis. Contracts must be quickly and fairly enforced and recognized as legal instruments of commerce.

• Attract foreign investment.

Ease restrictions on exports and imports. Open foreign exchange transactions for importers (eliminate the 90 day rule). Simplify custom procedures, and enforce existing legislation to minimize unscheduled inspections and harassment of businesses.

• Promote U.S. investments in Ukraine.

Congress should consider an investment tax credit similar to that used to promote capitalism in China during the Nixon administration. A ten percent credit for American taxpayers who invest in Ukraine would have a tremendously positive impact for both countries. This approach has also had positive results for Africa.

Privatize all industries.

Privatization is key to Ukraine's success. However, a regimented and transparent privatization schedule should be implemented before privatizing power, natural resource-related and communication industries. The privatization schedule must be free from nepotism and other abuses of power. Original commitments should be upheld.

Ukraine's business environment should encourage companies to purchase Ukrainian assets.

• Improve the banking system.

Accountability, privatization and transparency of financial service providers must be improved. Reserve requirements should be increased.

Closing boutique banks, primarily used as vehicles for tax avoidance, will increase money available to borrowers at affordable rates and grow the economy. This will also require the creation of credit rating agencies.

• Increase small enterprise credit lending.

USAID has helped to set up a micro-credit program in Ukraine coordinated with the governments of Poland and Ukraine. The U.S. has also implemented micro-enterprise loans directly. This type of loan has been proven to foster growth and innovation. Each government should consider expanding their accounts significantly.

• Develop a stock market.

In order to fully develop a stock market, liberalization of cash settlements on securities transactions with non-residents must take place. Ukrainian SEC regulatory requirements for listed companies should be reviewed, too. Campaigns should be created to encourage or require publicly held companies to be listed. It is also necessary to develop an effective exchange of information between National Depository System of Ukraine and stock exchange participants.

• Develop an insurance market.

Developing a vibrant insurance market that operates like Ukraine's Western counterparts will allow insurance companies to secure reinsurance payments, or in the case of life insurance, allow non-local currency denominated investments offshore to cover long-term annuity liabilities.

• Reduce taxes.

Though Ukraine's economy has exhibited impressive growth, high tax rates have prevented even greater creation of wealth. Lower tax rates and a simplified tax code will convert more of Ukraine's extra-legal economy to a fully legal one, replacing "dead capital" with exponential growth.

• Reduce risk for U.S. investors in Ukraine.

Congress should consider increasing slightly the Overseas Private Investment Corporation ceiling in the case of Ukraine. Such a policy can be justified on the basis of slightly higher risks described throughout this document.

• Include Ukraine in U.S. Millennium Challenge Program.

The Millennium Challenge Account (MCA) proposed by President Bush provides foreign assistance based on development of free-market economics. The U.S. should designate Ukraine as a partner in the MCA program. Ukraine's unique potential and intentions for further reform make it an ideal candidate for the implementation of a pilot MCA program.

Graduate Ukraine from Jackson-Vanik.

Permanent removal from the Jackson-Vanik requirements will end a long-standing irritant in the U.S.-Ukraine relationship and help foster a sense of "normal" trade relations between our two countries. Congress should pass legislation to achieve this objective by establishing permanent, normal trade relations with Ukraine.

• Recognize Ukraine's market-economy status.

Congress must make greater efforts to communicate with U.S. business leaders working in Ukraine. More frequent interaction will help push the U.S. to recognize Ukraine's market-economy status and provide accurate evidence of the country's reform process. This important trade designation has been applied to Russia and other former Soviet republics.

• Help Ukraine join the World Trade Organization (WTO).

Make Ukraine's WTO accession as rapid as possible. Meeting member requirements will open vast economic doors for Ukraine. The United States Department of Commerce has worked in Kyiv through the Commercial Law Development Program to facilitate Ukraine's accession to the WTO, which can be used as a model for start up. Congress should communicate directly with the working group set up by the Cabinet of Ministers to handle issues involving Ukraine's WTO bid. U.S. projects should complement Ukraine's legislative efforts to meet the requirements of the WTO.

• Enforce intellectual property rights.

The protection of intellectual property rights is essential in a thriving economy. Ukraine must assure consistent enforcement, public awareness and public sector dialogue. Security of intellectual property rights is especially important in the areas of software, music, movies, agricultural chemicals, and pharmaceuticals. Failure to achieve improvements will hamper the goal of lifting U.S. embargos of certain Ukrainian goods.

• Reduce subsidies to state enterprises.

Multiple pricing structures give favorable rates to state-owned business units. Normalize the pricing scheme to make the government as cost conscious as private industry.

• Stop anti-money laundering.

Money laundering continues to hurt Ukraine's economy and deter foreign investment. Effective money-laundering legislation must be adopted and enforced.

• Drop U.S. embargos.

Ukraine's economy suffers by the U.S. embargo on certain Ukrainian goods. These embargos were leveled after Washington failed to certify improvements in Ukraine's intellectual property laws and practices. Such improvements must be observed and the embargo must be lifted.

• Reduce U.S. steel tariffs.

The U.S. should refrain from imposing protective tariffs on steel imports, one of Ukraine's major foreign exports.

• Simplify the tax code.

Ukraine's complicated and often nebulous tax code leaves too much room for interpretation by tax inspectors, the courts and taxpayers. For example, the issue of reimbursement of value-added tax from importers must be resolved. The code's ambiguity (not to mention the tax itself) threatens trade and ultimately costs Ukrainian consumers.

Establish a commission to address emergency trade issues.

A flexible, expedited approach to disputes will broaden dialogue and facilitate a better understanding of trade disagreements before they become national issues.

The lack of reliable information provided to Parliament, government officials and the general public regarding disputes impairs their speedy resolution. Disagreements have, at times, become highly politicized and threaten bilateral relations.

There should be increased participants of both Rada and government officials in trade relations with the U.S. Rapid accession to the WTO, which would bring Ukraine's legislation into conformity with major trade partners, should be encouraged.

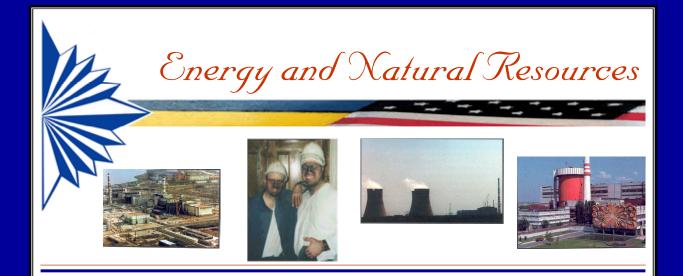
• Resolve pending commercial disputes.

Failure to resolve several longstanding commercial disputes has hurt Ukraine's ability to attract foreign investment. The disputes have also negatively affected Congressional support for foreign aid to Ukraine

U.S. investors contend they have been victimized by official lawlessness. The Rada-Congress Exchange should be utilized to resolve these disputes through the cooperation of elected representatives on both sides.

• Assist disabled Ukrainian workers.

The U.S. should assist specific Ukrainian enterprises run by disabled communities. For example, Ukraine's Society for the Deaf owns 41 low-tech factories and employs 8,000 people, most of whom are hearing impaired. Providing technical assistance to improve product competitiveness and manufacturing efficiency provides employment for entire disabled populations that receive little or no public assistance. New markets are needed, too.



<u>Summary:</u>

An independent, stable energy sector is critical to Ukraine's development. Dependency on foreign sources leaves Ukraine vulnerable to leveraged concessions. Today, the country is heavily dependent on oil and gas imports. Inefficient and dangerous coal mining and unsafe nuclear power have left the country susceptible to energy supply disruptions. Despite some developments in restructuring the energy sector, there is no solution yet for a long-range, self-sufficient energy supply.

Since Ukraine's independence in 1991, the country's coal mining industry has fallen into disarray. The industry sustains 193 mines and employs around 450,000 people, yet suffers from labor strikes, hazardous working conditions, low productivity, corruption, operating debt, unpaid wages and outdated equipment. Ukraine's coal mines hold great potential, both in terms of the substantial volumes of coal-bed methane that could be extracted and for the potential that depleted mines offer for storage of natural gas.

Ukraine's energy sector is critical to ensuring national security. Establishing a domestic, self-reliant energy policy is paramount to Ukraine's self-determination.

Recommendations:

• Privatize energy and natural resources.

Privatization would further develop the economy and reduce Ukraine's continued dependence on Russian scientists and engineers, and energy resources.

There is a need for clearer lines of jurisdiction among state regulatory bodies. The nuclear regulatory body should be more independent. Ministries and departments should be more clearly defined and coordinated

• Create a more effective national energy plan.

Minimize or eliminate subsidies for various energy segments and let them compete to produce, transport and distribute electricity. Encourage technology transfer and assistance programs to improve the operating efficiency of existing plants. Retire inefficient or obsolete facilities. Promote full collection of tariffs from residential, commercial and governmental users with a more equitable rate structure that relates more to usage than user classification.

• Promote investment in environmental aspects of energy production and distribution.

Financing environmental projects that integrate energy development and power production is an important part of securing loans from the West. Developing innovative financing tools including revolving funds can support the rehabilitation of the energy and power complex, and support environmental goals.

• Safeguard nuclear power.

Ukraine should base licensing of all operating nuclear reactors upon the International Atomic Energy Agency conventions. There are numerous safety concerns related to design, construction, and operation being raised by U.S.-sponsored safety assessments. One of these involves two new electricity-generating facilities, Khmelnystky 2 and Rivne 4, which are being constructed without a comprehensive safety assessment. Chernobyl continues to pose environmental problems that need to be addressed.

There is a lack of strong regulatory infrastructure. Resources are being diverted from investments in adequate safety improvements. Oversight procedures and mandatory safety directives should apply to design, construction, and operation. Ukraine should integrate further into the world's nuclear safety community.

• Replace Chernobyl power.

The U.S. must promote completion of the European Bank for Reconstruction and Development financing to replace the power lost at Chernobyl.

• Develop substantial gas storage.

Experts estimate abandoned caverns in western Ukraine could hold as much as 50 billion cubic meters of gas. If these caverns were filled in the summer (at lower prices) they could add significantly to the reliability of energy supply to western Europe and more importantly become a major profit center for Ukraine.

Energy and Natural Resources

• Improve mine safety.

Ukraine must develop efficient practices for productive capitalization of natural resources while improving safety and environmental protection. Maintaining worker safety while having state regulatory bodies inspect and develop protocols for mine conditions should enable the industry to grow in a more positive manner, respecting the sanctity of human life.

• Develop the substantial coal-bed methane resources of the Donetsk region.

If captured, significant volumes of methane could lessen Ukraine's energy dependence, reduce emissions and generate substantial emissions credits Ukraine can monetize in the years ahead.

• Fully utilize the Odessa-Brody-Plotsk Pipeline.

The Odessa Brody-Plotsk Pipeline allows exporters to avoid major transit bottlenecks. As a result, it is a revenue producer and major asset for Ukraine's economic development. In the short term, the pipeline will face tough market conditions. However, as more Caspian crude oil is exported from the region, the pipeline could become more competitive. Technical assistance will be financed under a \$2 million U.S. Trade and Development Agency grant. Further establishment of strategic business services will provide assistance by way of strategic planning and negotiations with potential investors, traders, and oil shippers.



With a lack of attention being paid to issues affecting the environment such as industrial dumping and hazardous wastes, carbon monoxide emissions, and overuse of natural resources, Ukraine suffers from severe environmental pollution to the extent public health is threatened. Ukraine's environmental improvements are linked to its socioeconomic, institutional, and cultural changes.

The Congress should encourage Western governments and international finance institutions to support projects to improve Ukraine's environmental infrastructure. Western donors and organizations should provide expertise and oversight to avoid excesses, lawlessness, and abuse. However, it is up to the Ukrainian government to provide the appropriate incentives.

<u>Recommendations:</u>

• Streamline the Ministry of Environmental Safety.

Redundant rules and regulations do more harm than good. Efforts should be made to assess the effectiveness of all the ministry's programs and protocols.

• Mandate and enforce cleanup protocols.

Promote environmental auditing and other environmentally friendly industrial practices and replace traditional command-and-control modes of regulation.

• Formalize bilateral cooperation.

Institute an exchange and education program between Ukraine's Ministry of Environment Safety and the U.S. Environmental Protection Agency. Develop modern cost analysis standards and skills. Develop market-based environmental programs, including but not limited to the privatization of some environmental services like solid waste management, emission credit trading, wetlands trading and the use of deposit-refund systems.

• Develop market-based programs.

To support better energy and environmental outcomes, Europe and the United States should use market-based approaches to promote better energy and environmental outcomes. Renewable credits trading, emissions credit trading, emissions quota trading, and water credit trading have saved billions of dollars in the United States. Trading-based approaches can reduce the cost of compliance with environmental regulations and promote better environmental outcomes.

Sustain and broaden Chernobyl aid.

The U.S. must not turn its back on the people of Chernobyl. There are still outstanding needs. The people living in contaminated areas continue to face the duel impact of economic depression and radiation contamination.

The U.S. and the international community should broaden the focus on emergency humanitarian assistance to one that stresses a long-term approach to develop and assist the most affected people and communities.

• Clean up existing damaged environmental sites.

Expand and complete a bilateral assessment agenda for environmental reclamation of damaged sites such as Chernobyl. Existing cooperative programs like those led by the U.S. Department of Energy and the U.S. Nuclear Regulatory Commission should expand to evaluate technical and socioeconomic issues, train and educate on managing spent nuclear fuel and develop emergency preparedness programs.

• Promote private land ownership.

The newly adopted land code emphasizes reducing industrial air pollution, deforestation and promoting water management. Private land ownership creates private incentives for better stewardship of the land.

• Finance sanitation improvements.

Developing the ability to finance public utilities is critical to the improvement of heating, water treatment, and sewage collection systems. Innovative mechanisms such as revolving funds, new debt instruments, and monetizing environmental assets can contribute toward developing this infrastructure.

• Promote a public environmental conscience.

Expand grassroots education and outreach programs regarding environmentally friendly practices for citizens. Programs such the Environmental Protection Project, which includes a small amount of Peace Corps volunteers working to coordinate NGOs, Ukrainian governmental organizations and several other global partners should be expanded and better utilized.

Provide incentives for business cooperation.

Rewarding businesses with sound environmental practices and incentives, such as debt relief and tax breaks, will encourage compliance.



Public health and the state of medical systems in Ukraine have declined since its independence. Today's health care system is unable to address even the basic necessities of the Ukrainian people.

Reforming the health care system in Ukraine is a daunting challenge because the infrastructure remains unrealistically structured and lacks the necessary financial resources to address the health care needs of the country. The percentage of GDP for health is basically one-half of what the World Health Organization recommends.

Assessing information on rates of illness and most other statistical necessities for developing effective strategies was controlled by the Soviet Union. Consequently, a large amount of statistical information had been collected, but not analyzed. Health care reformers must first determine the baseline needs before restructuring can begin.

Effective health care reform cannot be created in a vacuum. There needs to be a political will to comprehensively address the situation. Normally forgotten in the rhetoric is the need for a cadre of well-trained health care managers. There are currently only a few in Ukraine. However, many more will be needed to affect change.

The approaches to providing comprehensive health care include acute care, preventative care, chronic care and endemic issues. These coincide with considerations such as family practice, which is currently in its infancy. However, the Ministry of Health has embraced this as an important and necessary development to reverse the trend for all health cases being treated uneconomically at tertiary care facilities.

Ukraine has some acute care capability, which has been built on the remnants of the Soviet system. For example, ambulance services in some cities place the physician on board, but paradoxically, the ambulances are generally not equipped with the necessary equipment and supplies. Although the level of service that can be provided is high, this is not an efficient use of resources. Compounding this inefficiency is the fact that hospitals lack a concerted, team-oriented approach to patient care. The physician is responsible for providing most of the ancillary care, such as giving injections, administering medication and monitoring vital statistics, while nurses perform duties equivalent to those of nurse's aides in the U.S. This inefficient approach greatly reduces the number of patients a physician can examine and treat.

With the medical infrastructure struggling to fulfill acute needs, the concept of preventive care cannot yet be addressed. Prevention considers the impact society and the environment have on health. Ukrainians are exposed to risks in virtually every aspect of life. Organizations such as the Occupational Safety and Health Administration and suitable environmental laws exist on paper, but are not being implemented to address the many workplace health risks, nor are employers able to finance much needed workplace improvements. Left unattended, these and many other factors have contributed to poor general health.

Chronic care requires a more comprehensive approach and a broader resource base than acute care. Consequently chronic health issues, except for diabetes, remain virtually untreated in Ukraine.

Today there is little chance for the Ukrainian health care system to single-handedly address Ukraine's health needs. This is even more critical due to two emerging epidemics: HIV/AIDS and tuberculosis. In fact, Ukraine has the highest percentage of AIDS cases in Eastern Europe. While Ukraine has been very creative recently in moving forward with a World Bank health-sector loan and obtaining initial approval from the Global Fund to Fight AIDS, Tuberculosis, and Malaria for grant money, more needs to be done. Cooperative international donor technical assistance will have to continue to augment Ukraine's ability to help its people. There are already many such programs functioning in Ukraine, but networking and assisting their efforts will accelerate reform.

Recommendations:

• Strengthen and develop professional associations (equivalent to the American Medical Association).

Providing medical professionals with a central clearinghouse and common voice will increase knowledge, skill and conformity. There has been a significant start by the Association of Family Physicians, but it needs continued exchange programs between its U.S. and Ukraine counterparts. These efforts will eventually lead to the privatization of primary health care, nascent private insurance plans, and forecasted lower health costs.

• Develop cooperative programs.

In order to achieve any meaningful health care reform in Ukraine, there needs to be a well-trained cadre of health care managers having expertise in modern Western techniques of health care management. Without such a cadre, discussions concerning health care reform, while well meaning, will not be substantive enough to effect change. A health care management school should be established with donor assistance. Programs such as the Dnipropetrovsk special needs facility and women and children's clinic, established in partnership with the Jewish Community of Boston, are good examples of U.S.—Ukrainian cooperation and a model for training and outreach to meet Ukraine's current and future needs.

• Create new public programs and enhance existing health initiatives.

Health promotion campaigns, aimed at prevention and the avoidance of risky behaviors, should focus on various health-related vices such as cigarette smoking, substance abuse, obesity and poor nutrition, lack of proper physical exercise, diabetes and alcoholism. These initiatives should be community-based and linked to primary health care initiatives for maximum impact and participation. More effort is needed to develop a nationwide, community-based network, focused on controlling the two current epidemics, HIV/AIDS and tuberculosis. These activities now involve both the public and NGO sector. This newly formed partnership for cooperation in fighting HIV/AIDS and tuberculosis should be developed.

• Continue public health initiatives.

There needs to be a continued major focus effort to control HIV/AIDS and tuberculosis. These activities are now involving both the public and NGO sector. This newly formed partnership for cooperation in fighting these epidemics needs to be nurtured.

• Establish medical insurance.

Under the current economic conditions and for the foreseeable future, the government of Ukraine will remain the insurer of last resort. However, there are opportunities for local insurance funds (either local government or private) to provide basic coverage. Initiatives such as the privatization of some health services, will foster this development, mitigate the current system of "envelope payments," and give transparency to medical costs and revenues.

• Improve Ukrainian orphanages.

Health directives and adequate funding for state orphanages should include medical evaluations, regular re-evaluations and medical supplies. Independent medical experts should conduct these evaluations in order to improve record keeping, diagnosis, treatments, and observations. Private orphanages should be encouraged. Adoption should be aggressively promoted.

• Ensure dignity for the elderly.

Many of Ukraine's state-run nursing homes for the elderly are deplorable. State institutions must be improved. Charities, religious institutions and other private providers should be encouraged to provide elderly services throughout Ukraine. All providers should be eligible to compete for state funds.



Ukraine's new court system represents progress compared with past years. However, Ukraine's unstable legal infrastructure weakens or prohibits many aspects of economic and cultural reformation. Upon declaring independence, developing a modern and stable legal system became one of Ukraine's top priorities. However, the current legal environment is built upon codes and laws that are often inadequate, occasionally contradictory, and frequently changing. This transience makes it difficult, even for judges, to interpret the law and know how to apply enforcement measures.

Legal reform requires a clear and equitable delineation of jurisdiction to ensure justice and transparency. This will be the first step in bridging the gap between enactment and enforcement of laws. Additionally, legal mechanisms must be established to prevent conflicts of interest, abuses of power and to otherwise ensure fairness.

Recommendations:

Review, revise and create legal codes.

Ukraine should adopt civil and commercial codes, administrative, criminal and procedural codes. These codes should be enforced and implemented in an efficient, broad and consistent manner. Judicial policy should establish an order of priority that places the individual first, followed by family, society and the state — opposite that of Soviet jurisprudence.

• Enforce court decisions.

Ukraine's judiciary must have a reliable mechanism for enforcing court decisions.

• Eliminate immunity for Ukraine's politicians.

Uniform application of the law means no policymaker can be above it. Politicians must be subject to the laws they create, maintain, and enforce upon others. Furthermore, persecution of opposition politicians through abusing the courts and law enforcement system should be eliminated.

• Restructure the tax authority.

A tax system must provide incentives for economic development and transparency. In order to accomplish this, Ukraine must eliminate discrimination among industries, sectors and regions. Ukraine's tax collection system should correspond to a strategy for decentralizing government. Its goal should be to expand the tax base focusing on simplification of the existing structure and improvement of tax administration.

Tax rates should be lowered and current tax brackets should be reviewed. Ukraine's non-refundable value-added tax is a symbol of the failure of the tax system and Ukraine's indifference to the needs of long-term investors. It should be addressed. Ukraine's Free Economic Zones have had little value in stimulating investment when there is no consistent application of tax laws throughout the country.

• Protect capital.

Ukraine's courts must be properly understood as central to Ukraine's economic conversion. Ukraine's considerable extra-legal economy locks much of the nation's wealth in unproductive investments or total inactivity. There are likely billions of U.S. dollars, other foreign currency, gold and valuables literally buried throughout Ukraine or hidden under mattresses.

This "dead capital" can be quickly converted into live capital circulating in the legal economy only when assets are protected and secured by Ukrainian courts. Investors in Ukraine must be convinced their capital is protected by a reliable judicial system and a predictable tax system.

• Move toward judicial independence.

Ukraine must establish an independent, apolitical judiciary. The budget of the Judiciary, for example, is administered by the executive branch and thereby presents a potential conflict of interest.

Judicial and Begal Systems

• Organize lawyers.

Judicial reform would be hastened by the organization of professional associations of lawyers, judges and academic jurists. These groups should be encouraged by peer organizations in countries with firm democratic traditions.

• Promote public awareness of legal issues.

Launch informational campaigns, targeting citizens, about new and existing laws. More legal libraries should be built and open to the public for free. Legal services information should be available on the Internet and supported by firms and NGOs in Ukraine and abroad.

• Promote legal education exchange programs.

Ukrainian lawyers, judges and jurists should interact with their U.S. counterparts.



Summary:

Ukraine's most formidable challenge to democratic reform is overcoming its Soviet legacy and bridging the gap between government and citizens. This will require the successful democratization of national political institutions and the political infrastructure. No direct equivalent exists in Ukrainian for "local government," although the Ukrainian Constitution makes democratic provisions for the inhabitants of territorial communities, such as villages, cities, and raions to decide local issues independently.

Successful development of local governance would stabilize and strengthen Ukraine's national government. A stable local governmental infrastructure would, by its very nature, better represent the interests of citizens, thereby promoting trust of national leaders.

In order to achieve local governing authority, Ukraine's population will need a firm grounding in basic democratic principles and human rights. Successful reform will only be achieved with the decentralization of the government's power base.

Recommendations:

• Devolve governing authority.

Ukraine must allow stronger local political institutions. Providing a means for raions to implement their own infrastructures will allow citizens to have a more hands-on approach to democracy, thereby instilling trust and citizen empowerment. Ukraine should move toward local elections, local tax authority, and budget development.

• Delineate jurisdiction.

Ukraine's Constitution should draw clear lines of authority between the central, oblast, raion and other local governments.

• Organize local jurisdictions.

Ukraine's villages, cities, raions, and oblasts should form organized associations to lobby at a national level and to share information.

• Promote local autonomy.

Oblasts and the central government should stop forcing local administrations to pay for national budget line items.

• Increase exchange programs at the local level.

Local level exchange agreements, often referred to as "sister city" or "sister state" programs, are extremely helpful in terms of education and growth. American cities and states should establish such programs with Ukrainian cities and oblasts.

• Create Ukrainian leadership program.

Congress should approve a proposal to establish a Ukrainian leadership program designed to bring young civic-minded leaders from Ukraine to the United States to gain knowledge and experience in American governance.



Summary:

Ukraine's scientific and technical potential is tremendous. Aggressive engagement in these sectors holds great promise for technical development in many fields, including nuclear energy production, aerospace, metallurgy and others.

The enormous inventive capacity of Ukrainian scientists and a well-educated, skilled work-force should be realized. Currently, world-class scientists and technical specialists are emigrating in search of suitable work and salaries commensurate with their technical expertise. Many move to Western countries to find work. However, the Middle East is home to the most active recruiters of capable scientists. Ukrainian scientists are often employed to help develop nuclear power programs, weapons systems and other technologies associated with modern warfare. Efforts should be made to retain technical experts through endorsement of technology transfers and more favorable tax advantages for companies to set up headquarters in Ukraine.

It is in the best interest of peace and prosperity to develop and facilitate vigorous exchange programs with Ukraine's technical community. It is a key factor in global security.

Recommendations:

• Promote the English language.

Encourage technical educational institutions to introduce the English language as a second language of instruction to facilitate exchange with the modern world of technology.

• Build a legitimate market for high technology.

Establish a commission of key American and Ukrainian scientists and government and business leaders to expand Ukraine's high-technology industry, focusing on software development. The existing Kharkiv partnership of technological support from the U.S. to Ukraine is a good proposal for further market development. However, the Kharkiv Initiative (to compensate for the loss of an Iranian power project) has produced little more than USAID consultants and undermined U.S. credibility. The Sea Launch Project is another example of a promising bi-lateral initiative.

• Provide tax incentives and debt relief.

Legislation should be introduced and passed providing incentives for businesses to expand research and development programs. Similar measures are represented in the U.S. through state, local, and selected federal incentives that promote renewable energy.

• Expand exchange programs between educational, professional and government institutions.

Promote expansion of the U.S. Department of Commerce – Special American Business Internship Training Program and other similar exchange agendas such as COBASE, CAST, and TWINING.

• Restore the Nuclear Reactor Safety Program.

The decision by the U.S. Department of State and the U.S. Department of Energy to terminate funding of critical nuclear power plant safety upgrades in Ukraine in 2002 is problematic. The decision threatens U.S. defense conversion goals, delays nuclear safety upgrades, and disengages important intellectual knowledge capable of delivering weapons of mass destruction into the hands of rogue nations. The U.S. should restore these necessary funds (\$4 million).

• Cooperate in space.

Ukraine's E.O. Paton Electric Welding Institute is a pioneer in metallurgy and welding engineering, especially welding in open space. Past cooperation with NASA has been considerable but has tapered off. NASA should explore every opportunity to utilize Ukraine's space-welding research and applications for construction and repair of NASA equipment in space. Ukraine is home to many other experienced researchers and manufacturers offering leading-edge space technology.



U.S.-Ukraine Organizations and Programs

This is an attempt to create a comprehensive list of all current organizations and programs in Ukraine. If you have any additional information, please contact me.

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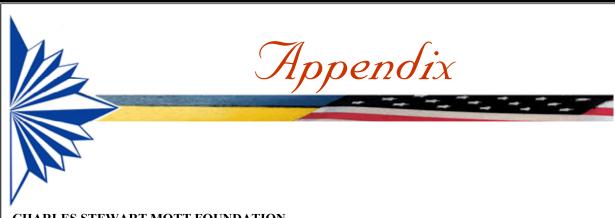
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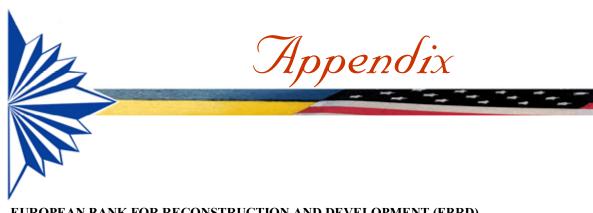
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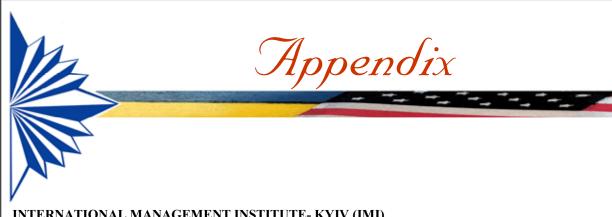
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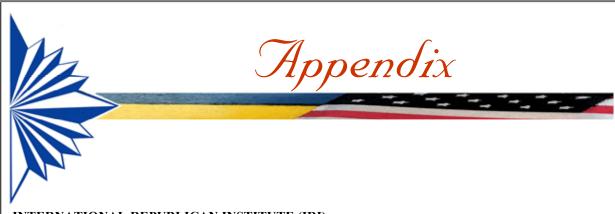
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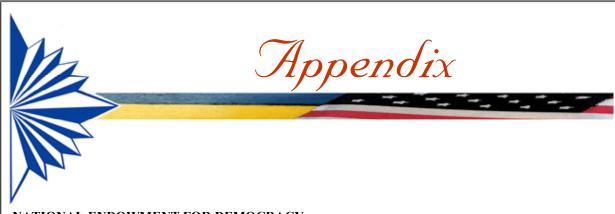
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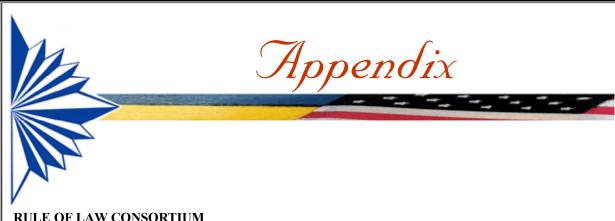
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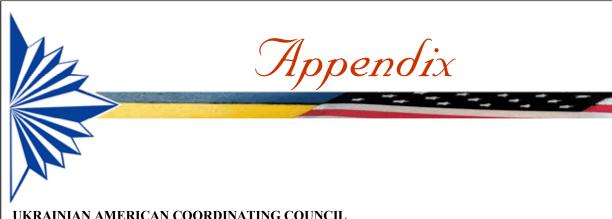
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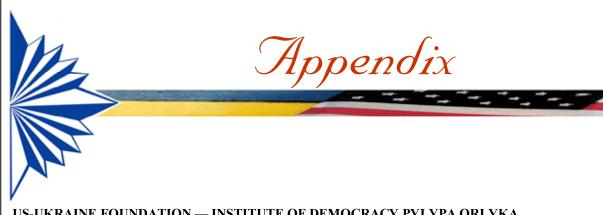
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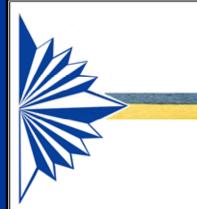
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| | | |

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Bychkov, Serhiy, Deputy Caucus Head Industrialists and Entrepreneurs/Labor Ukraine faction

Pavlenko, Yuriy, Deputy Caucus Head
Makeyenko, Volodymyr, Secretary of Caucus
Akopyan, Valeriy
Alyoshin, Valeriy
Our Ukraine
Our Ukraine
Our Ukraine
Our Ukraine

Alyoshin, Valeriy

Artemenko, Yuriy

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Our Ukraine

Avramenko, Volodymyr

Baranivsky, Oleksandr

Bartkiv, Vasyl

Bespalov, Oleh

Our Ukraine

Our Ukraine

People's Power

Buryak, Serhiy Industrialists and Entrepreneurs/Labor Ukraine

Chervonenko, Yevhen Our Ukraine
Chornovolenko, Oleksandr Our Ukraine
Djemilev, Mustafa Our Ukraine
Dyminsky, Petro Our Ukraine

Havrylyuk, Vasyl

Hirshfeld, Anatoliy Industrialists and Entrepreneurs/Labor Ukraine

People's Power

Hrach, Leonid Communist Party
Hrachev, Oleh Communist Party

Hubsky, Bohdan People's Power (Faction Leader)

Humenyuk, Oleh Our Ukraine
Kalinchuk, Vasyl Agrarian Party
Katusheva, Zarema Communist Party
Khomutynnyk, Vitaliy Regions of Ukraine

Klymenko, Anatoliy Industrialists and Entrepreneurs/Labor Ukraine

Kostynyuk, Bohdan Our Ukraine
Kravchenko, Mykola Communist Party
Leshchenko, Volodymyr Communist Party
Loboda, Mykhailo Communist Party

Lukashuk, Oleh Social Democratic Party of Ukraine (united)

Malynovsky, Oleksiy Socialist Party

Mhitaryan, Never Industrialists and Entrepreneurs/Labor Ukraine

Nalyvayko, Anatoliy Communist Party Ostash, Ihor Our Ukraine

Pinchuk, Viktor Industrialists and Entrepreneurs/Labor Ukraine

Polishchuk, Kyrylo People's Power

Pysarenko, Anatoliy Social Democratic Party of Ukraine (united)

Ratushnyak, Serhiy People's Power
Rymaruk, Oleksandr Our Ukraine
Shcherban, Volodymyr People's Choice
Shevchenko, Oleksandr Agrarian Party
Skomarovsky, Volodymyr Our Ukraine
Smiyanenko, Ihor People's Power

Tabachnyk, Dymytro Industrialists and Entrepreneurs/Labor Ukraine

Tomych, Ivan
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Tretyakov, Oleksandr
Tsaryov, Oleh
Volynets, Mykhailo
Our Ukraine
Regions of Ukraine
Yulia Tymoshenko Bloc

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Zimin, Oleh Our Ukraine

Zubets, Mykhailo Democratic Initiatives



Agenda for Freedom

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We welcome your input.

Please send corrections, suggestions and additions for consideration in our next edition of this important document. Use the contact information on the next page.



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Agenda for Freedom

PRAYER FOR UKRAINE

Almighty God; We make our earnest prayer that You will keep Ukraine in Your Holy protection, and You will incline the heart of the citizens to cultivate a spirit of subordination and obedience to government, and entertain a brotherly affection and love for one another and for every citizen of Ukraine, and particularly for their brethren who have served in the cause of independence.

And that You will most graciously be pleased to dispose us all to do justice, to love mercy, and to demean ourselves with that charity, humility, and pacific temper of mind which were the characteristics of the Divine Author of our blessed Religion, and without a humble imitation of whose example in these things we can never hope to preserve a happy nation.

Finally, we pray the souls of the millions of Ukrainian victims who suffered and perished by the cruel hand of despotism, rest through Your generous mercy in eternal peace.

Grant our supplication, we beseech Thee, through Jesus Christ our Lord.

Amen

Bob Schaffer Member of Congress from Colorado 1997-2003 Sadly I weep when I recall
The forgotten deeds of all
Our ancestors: their toilsome deeds!
Could I forget their pangs and needs,
I, as my price, would have than surpass
Half of my life's happiness...



Such is our glory, sad and plain, The Slory of our own Ukraine!

> - Taras Shevchenko My Triendly Epistle, 1845